

# City of Sequim 2016 Budget

## All City & General Fund Overview





**City of Sequim  
2016 Budget**

Proposed

	A	B	C	D=B-C	E=A+D
	Beginning Fund Balance	Revenues	Expenses	Surplus / (Deficit)	Ending Fund Balance
<b>General Fund</b>					
001 General Fund	1,685,370	8,849,318	8,833,148	16,170	1,701,540
<b>Special Revenue Funds</b>					
101 Street UnRestricted	154,925	849,248	859,546	(10,298)	144,627
111 Street Restricted	889,110	1,060,866	941,775	119,091	1,008,201
107 StormWater UnRestricted	11,586	120,475	108,072	12,403	23,989
117 StormWater Restricted	9,777	111,567	111,104	463	10,240
115 Lodging Tax Hotel/Motel	213,710	249,538	284,485	(34,948)	178,762
120 Police Restricted	79,566	411,600	406,898	4,702	84,268
121 Police Asset Seizure	28,264	20,274	30,000	(9,726)	18,538
140 Parks Restricted	134,205	360,857	384,365	(23,507)	110,698
150 Real Estate Excise Tax	154,884	268,087	300,000	(31,913)	122,971
160 Gifting & Donations	1,830	12,600	12,570	30	1,860
164 Equipment Reserve	311,676	385,673	440,001	(54,329)	257,348
<b>Debt Service Funds</b>					
206 Debt Service Fund	7,531	665,000	656,740	8,260	15,791
<b>Capital Funds</b>					
306 Capital Facilities Fund	86,035	313,205	315,237	(2,032)	84,003
<b>Enterprise Funds</b>					
401 Water UnRestricted	1,028,307	1,978,151	2,127,205	(149,054)	879,253
411 Water Restricted	2,384,657	2,490,730	3,484,662	(993,932)	1,390,725
402 Sewer UnRestricted	1,650,979	3,815,730	4,127,239	(311,509)	1,339,470
422 Sewer Restricted	4,870,092	2,612,962	4,055,079	(1,442,117)	3,427,975
<b>Trust, Agency &amp; Permanent Funds</b>					
500 Unemployment Compensation Reserve	27,954	16,250	24,750	(8,500)	19,454
611 Flex Benefits	0	45,000	45,000	0	0
621 Police Expendable Trust	0	20,000	20,000	0	0
631 Construction Deposits	38,300	325,000	324,999	1	38,300
635 Intergovernmental Agency Fund	2,638	178,627	168,328	10,299	12,937
645 Utility Security Deposits	122,652	40,000	39,000	1,000	123,652
701 Haller Park Fund	37,964	440	0	440	38,404
	<b>13,932,012</b>	<b>25,201,198</b>	<b>28,100,203</b>	<b>(2,899,006)</b>	<b>11,033,006</b>
		6,194,005	6,194,004	Transfers In / Out	
		<b>19,007,193</b>	<b>21,906,199</b>	<b>Net of Transfers</b>	
		2,419,147	2,419,147	InterFund Service Charges*	
		<b>16,588,046</b>	<b>19,487,052</b>	<b>Net Revenues/Expenses w/o Transfers &amp; Interfund Services</b>	
		15,612,922	16,055,210	Operating Funds	
		9,588,276	12,044,993	Restricted/Project Funds	
		<b>25,201,198</b>	<b>28,100,203</b>		



# City Of Sequim Budget Overview

## Summary of Total Revenues & Expenditures

### Where will the Money come from?

#### Revenues

- **Fund Balance** – This is the net assets of a fund that have accumulated over time. For the City of Sequim, fund balance equals cash. The fund balance is considered a revenue source for expenditures. Typically fund balance is used for one-time expenses and capital projects.
  - Capital Projects: Streets, Parks, Capital Facilities (Civic Center), Water, Sewer and REET funds are being used for various capital projects.
- **Taxes** – Consists of sales taxes, property tax, utility (B&O) tax, Hotel/Motel taxes, Public Safety Tax and the Real Estate Excise Tax (REET).
- **Licenses & Permits** – Consists primarily of building permit fees, which fluctuate depending on development activities and business license fees.
- **Intergovernmental** – Consists of State taxes that are distributed to cities (Criminal Justice, Liquor, Fuel, PUD Privilege Tax), interagency funds and grants
- **Goods & Services** – Water and Sewer meter sales, fees, Interfund Services, Plan Check fees which fluctuates with development activity
- **Utility Charges** – Consists of water and sewer service charges.
  - For 2016, the budget reflects a 4% revenue requirement/increase as identified in the accepted 2013-2014 Rate Study (pending approval by Council). This will be achieved through both rate structure changes and simple rate increases
- **Fines & Forfeits** – Consists of traffic infractions, DUI fines, criminal fines, court costs recoupment
- **Other Miscellaneous** – Consists of investment interest, mitigation fees which fluctuate with development activity, space rental, gifts/donations, insurance recoveries
- **Enterprise Fiduciary** – Consists of Water and Sewer General Facility Fees (capital contributions) which fluctuate with development activity.
- **NonRevenue/Financing** – Consists of transfers between funds for capital projects and debt payments. It also includes Construction/Retainage and utility deposits and Latecomers fees.

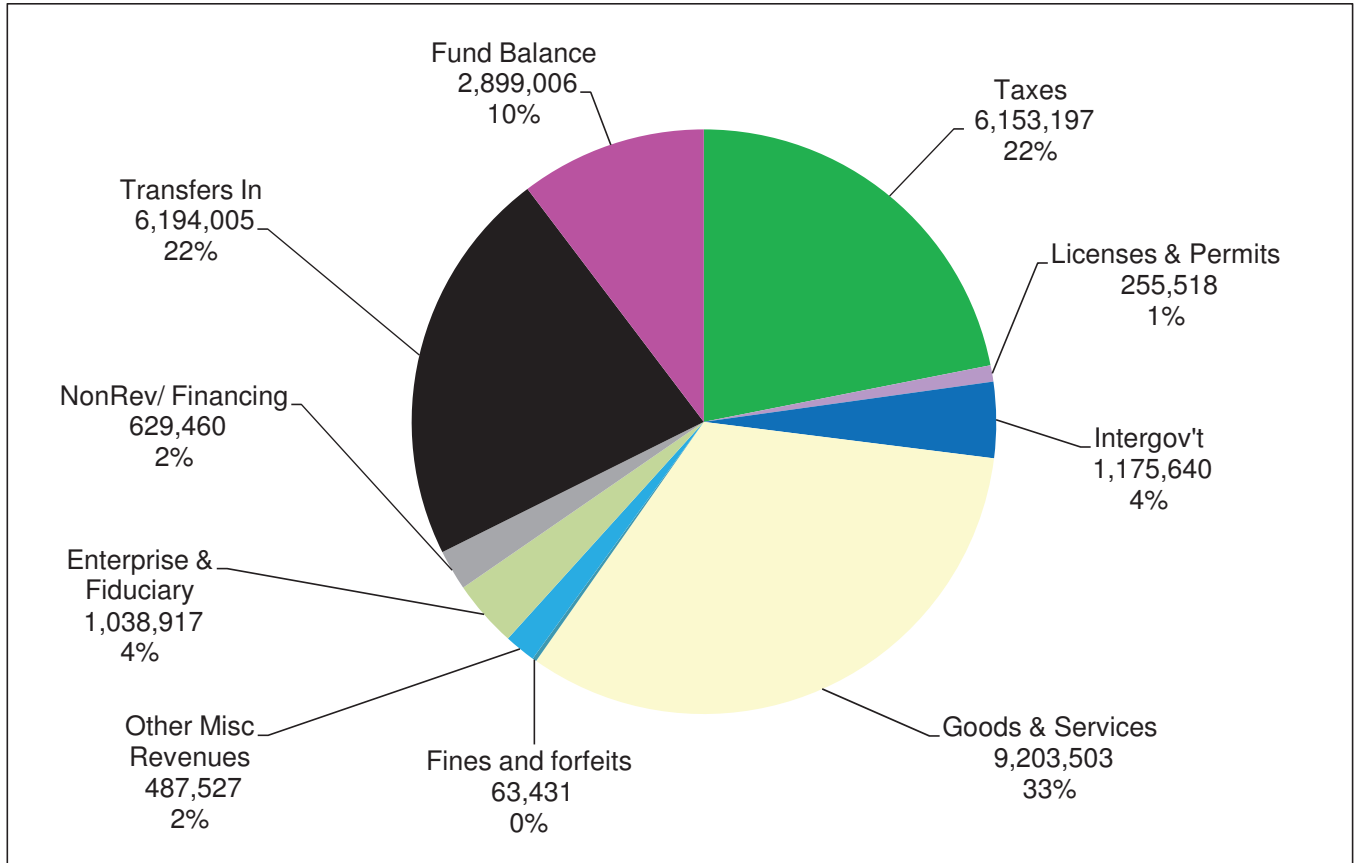
### Where will the Money go?

#### Expenditures

- **Operations** – Consists of the General Fund, Street and Stormwater Operations, Water and Sewer Operations.
- **Capital Projects** – Consists of projects for Streets, Project Stormwater, Water, Sewer and Capital Facilities.
- **Other** – Consists of Trusts and Agency, which are pass-thru funds, Hotel/Motel which is used for tourism, Police Restricted which is grant or donation funded, and various other funds.

**City of Sequim  
2016 Budget**

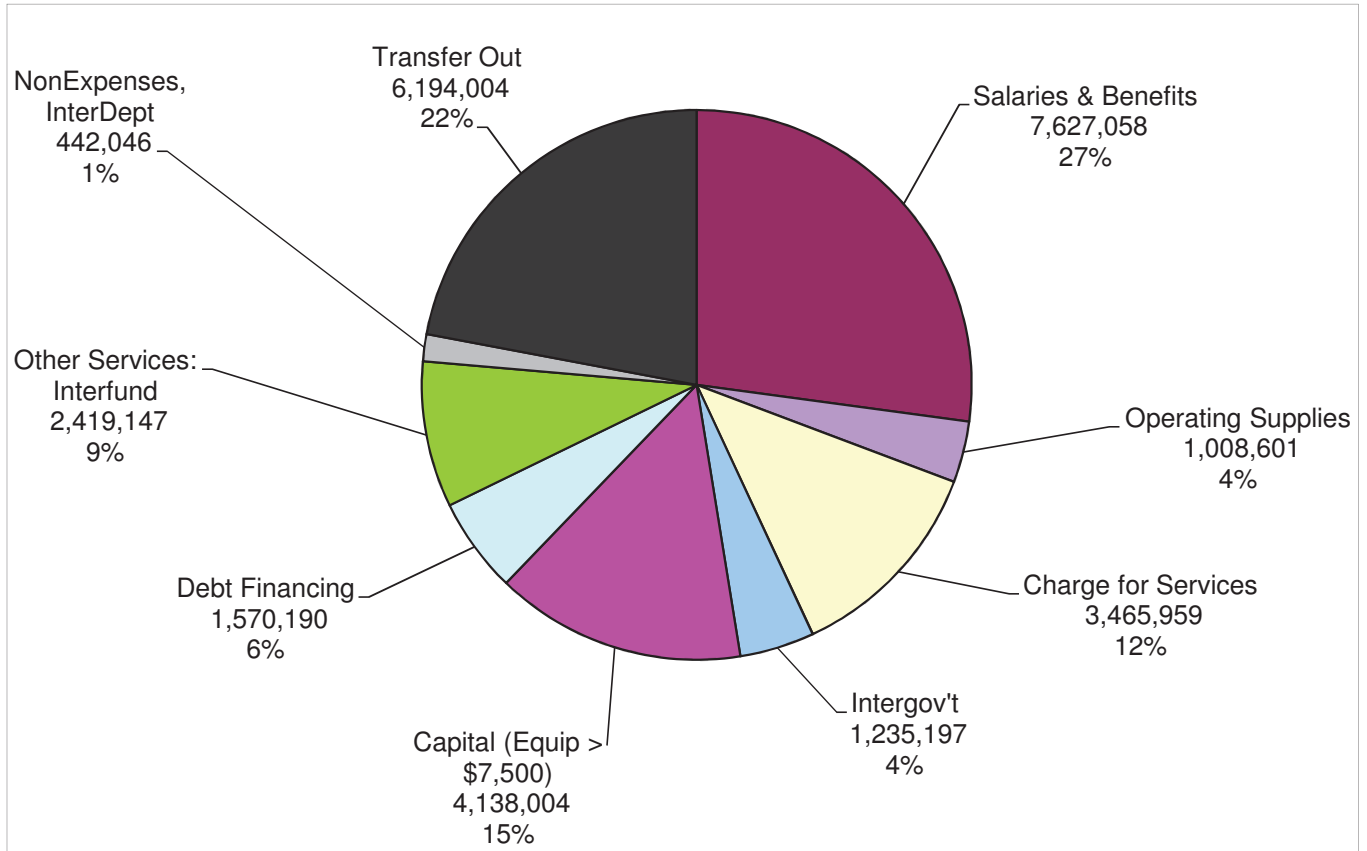
**Where will the Money Come From?  
Total Revenue  
28,100,204**



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Taxes	5,274,929	6,240,094	5,935,499	6,015,300	6,157,594	6,153,197	(4,397)	-0.1%
Licenses & Permits	156,158	187,919	226,790	205,252	199,110	255,518	56,408	28.3%
Intergov't	612,483	924,358	510,447	1,132,069	1,083,675	1,175,640	91,965	8.5%
Goods & Services	8,569,038	8,714,356	8,208,111	8,417,256	8,723,021	9,203,503	480,482	5.5%
Fines and forfeits	69,577	68,249	60,799	70,725	71,041	63,431	(7,610)	-10.7%
Other Misc Revenues	589,874	589,197	411,673	367,379	450,782	487,527	36,745	8.2%
Enterprise & Fiduciary	304,623	460,086	511,489	2,002,706	1,512,566	1,038,917	(473,649)	-31.3%
NonRev/ Financing	121,572	10,956,470	3,642,060	1,621,556	5,725,758	629,460	(5,096,298)	-89.0%
<b>Net Revenues</b>	<b>15,698,254</b>	<b>28,140,729</b>	<b>19,506,868</b>	<b>19,832,243</b>	<b>23,923,547</b>	<b>19,007,193</b>	<b>(4,916,354)</b>	<b>-20.6%</b>
Transfers In	2,757,022	3,855,268	11,254,162	11,207,608	11,246,458	6,194,005	(5,052,453)	-44.9%
<b>Revenues</b>	<b>18,455,275</b>	<b>31,995,997</b>	<b>30,761,030</b>	<b>31,039,851</b>	<b>35,170,005</b>	<b>25,201,198</b>	<b>(9,968,807)</b>	<b>-28.3%</b>
Use of Beginning Fund Balance	1,738,992	(10,238,437)	4,550,204	6,546,217	4,758,249	2,899,006	(1,859,243)	-39.1%
<b>Total Use of Revenue</b>	<b>20,194,267</b>	<b>21,757,560</b>	<b>35,311,234</b>	<b>37,586,068</b>	<b>39,928,254</b>	<b>28,100,204</b>	<b>(11,828,050)</b>	<b>-29.6%</b>

**City of Sequim  
2016 Budget**

**Where will the Money Go?  
Total Expenses  
28,100,206**

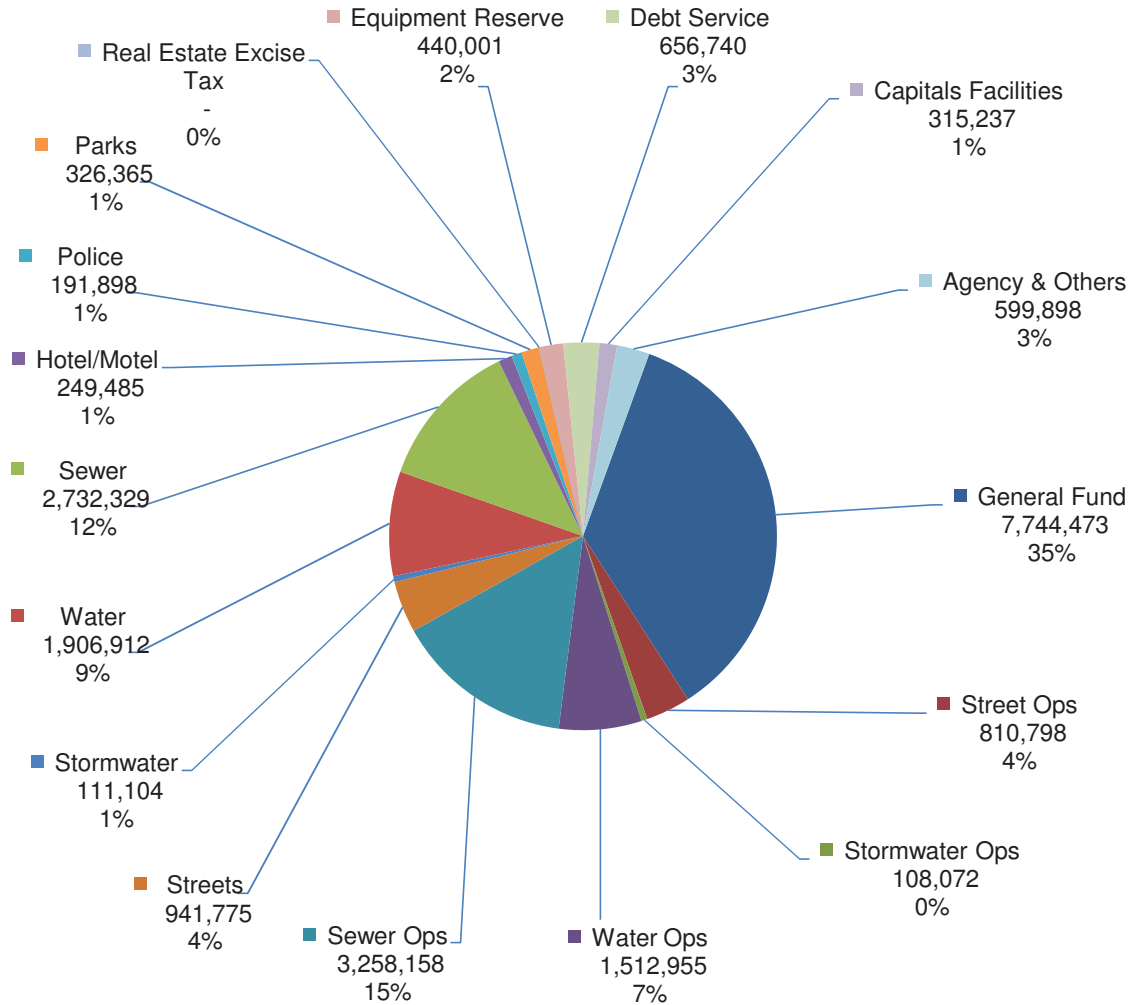


	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
Salaries & Benefits	6,697,025	6,660,755	7,058,456	7,310,531	7,439,786	7,627,058	187,272	2.5%
Operating Supplies	660,605	830,612	673,777	744,028	846,450	1,008,601	162,151	19.2%
Charge for Services	2,575,029	3,336,567	2,667,127	4,094,253	4,433,311	3,465,959	(967,352)	-21.8%
Intergov't	1,118,853	1,107,278	1,106,613	1,212,169	1,208,770	1,235,197	26,427	2.2%
Capital (Equip > \$7,500)	2,704,442	2,460,091	9,163,840	9,185,145	10,495,394	4,138,004	(6,357,390)	-60.6%
Debt Financing	1,243,350	964,419	1,348,867	1,601,335	1,601,559	1,570,190	(31,369)	-2.0%
Other Services: Interfund	2,407,792	2,379,013	1,972,388	1,946,849	2,169,272	2,419,147	249,875	11.5%
NonExpenses, InterDept	49,252	163,556	66,005	284,157	480,655	442,046	(38,609)	-8.0%
<b>Net Expenses</b>	<b>17,456,348</b>	<b>17,902,291</b>	<b>24,057,073</b>	<b>26,378,467</b>	<b>28,675,197</b>	<b>21,906,202</b>	<b>(6,768,995)</b>	<b>-23.6%</b>
Transfer Out	2,737,920	3,855,268	11,254,162	11,207,601	11,253,058	6,194,004	(5,059,054)	-45.0%
<b>Total Expenses</b>	<b>20,194,268</b>	<b>21,757,559</b>	<b>35,311,235</b>	<b>37,586,068</b>	<b>39,928,255</b>	<b>28,100,206</b>	<b>(11,828,049)</b>	<b>-29.6%</b>



**City of Sequim  
2016 Budget**

**Total All City Programs Expenses - Excluding Transfers  
Operations and Capital Projects  
21,906,200**



	2012 Actuals	2013 Actuals	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
All City								
Total Expenses	17,481,311	17,314,180	24,057,073	26,378,465	28,675,197	21,906,200	(6,768,997)	-24%



**City of Sequim  
2016**

**All City Programs Expenses - Excluding Transfers  
Operations and Capital Projects**

		2012 Actuals	2013 Actuals	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
<b>All City Program Total Expenses</b>		<b>17,481,311</b>	<b>17,314,180</b>	<b>24,057,073</b>	<b>26,378,465</b>	<b>28,675,197</b>	<b>21,906,200</b>	<b>(6,768,997)</b>	<b>-24%</b>
<b>Operations</b>									
	General Fund	7,355,723	7,378,909	7,502,428	7,465,699	7,684,771	7,744,473	59,702	1%
	Street Ops	776,981	764,616	690,035	711,907	773,947	810,798	36,851	5%
	Stormwater Ops	-	101,014	96,639	101,052	100,248	108,072	7,824	8%
	Water Ops	1,198,262	1,322,300	1,227,753	1,361,382	1,450,736	1,512,955	62,219	4%
	Sewer Ops	2,491,399	2,753,625	2,596,721	2,828,407	2,961,822	3,258,158	296,336	10%
	Total Operations	11,822,365	12,320,464	12,113,576	12,468,447	12,971,524	13,434,456	462,932	4%
<b>Restricted</b>									
	Streets	1,051,471	1,390,028	760,294	1,182,559	1,424,421	941,775	(482,646)	-34%
	Stormwater	-	45,520	134,109	335,887	348,843	111,104	(237,739)	-68%
	Water	1,009,737	290,731	1,056,992	404,066	1,536,038	1,906,912	370,874	24%
	Sewer	1,458,423	1,328,019	1,350,449	2,665,510	2,738,661	2,732,329	(6,332)	0%
	Total Restricted Capital	3,519,631	3,054,298	3,301,844	4,588,022	6,047,963	5,692,120	(355,843)	-6%
	<b>Hotel/Motel</b>	242,715	262,729	219,216	248,955	246,425	249,485	3,060	1%
<b>Police</b>									
	Police	27,818	19,976	40,019	159,781	150,717	161,898	11,181	7%
	Police Asset Seizure	7,042	-	-	11,667	20,000	30,000	10,000	50%
	Police Expendable Trust	1,008	3,244	8,520	485	-	-	-	0%
	Total Police	35,868	23,220	48,539	171,933	170,717	191,898	21,181	12%
	<b>Parks</b>	92,361	101,765	161,930	166,979	198,369	326,365	127,996	65%
	<b>Real Estate Excise Tax</b>	-	-	-	-	-	-	-	0%
	<b>Equipment Reserve</b>	221,002	230,807	106,902	358,200	358,201	440,001	81,800	23%
	<b>Debt Service</b>	-	245,530	579,677	662,312	668,990	656,740	(12,250)	-2%
	<b>Capitals Facilities</b>	1,437,940	936,246	7,418,984	7,310,700	7,378,078	315,237	(7,062,841)	-96%
<b>Agency &amp; Others</b>									
	Gifting & Donations	5,628	5,976	4,686	9,619	10,500	12,570	2,070	20%
	Unemployment								
	Compensation Reserve	-	-	4,015	11,731	10,000	10,000	-	0%
	Flex Benefits	-	-	-	11,344	11,350	45,000	33,650	296%
	Construction Deposits	11,479	39,072	-	162,500	325,000	325,000	-	0%
	Intergovernmental								
	Agency Fund	92,052	73,759	65,630	133,790	178,080	168,328	(9,752.00)	-5%
	Utility Security Deposits	270	20,314	32,074	73,933	100,000	39,000	(61,000)	-61%
	Total Agency & Others	109,429	139,121	106,405	402,917	634,930	599,898	(35,032.00)	-6%



# **City Of Sequim Budget Overview**

## **General Fund Revenue**

### **2016 Key Goals**

- ❖ Conservatively forecast and budget revenues
- ❖ Maintain a diversified mix of revenues to handle fluctuations and appropriately distribute costs of services.
- ❖ Identify ongoing revenues that can be matched with ongoing expenses.
- ❖ Support opportunities to enhance service delivery through intergovernmental cooperation, shared revenues and grants. This revenue will be treated as one-time revenue.
- ❖ Minimize impact of any tax and fee increases on residents and ratepayers, especially low income.
- ❖ Annually review service fees to help ensure fees are cost based for City services that provide private benefit or serve limited interests.

### **2016 Budget Summary**

- ❖ Overall General Fund revenues are up \$450k or 5%
  - Sales Tax revenues are consistent with 2015 trends
  - License & Permits revenues are estimated to grow consistent with 2015 trends
  - Utility Taxes are increased based on projected rate changes of City wide utilities
  - Property Taxes will increase based only on new construction plus 1% as allowed by state statute
  - Interfund charges are based on non-General Fund activities where applicable – up due to completion of the Civic Center project

## **General Fund Expenses**

### **2016 Key Goals**

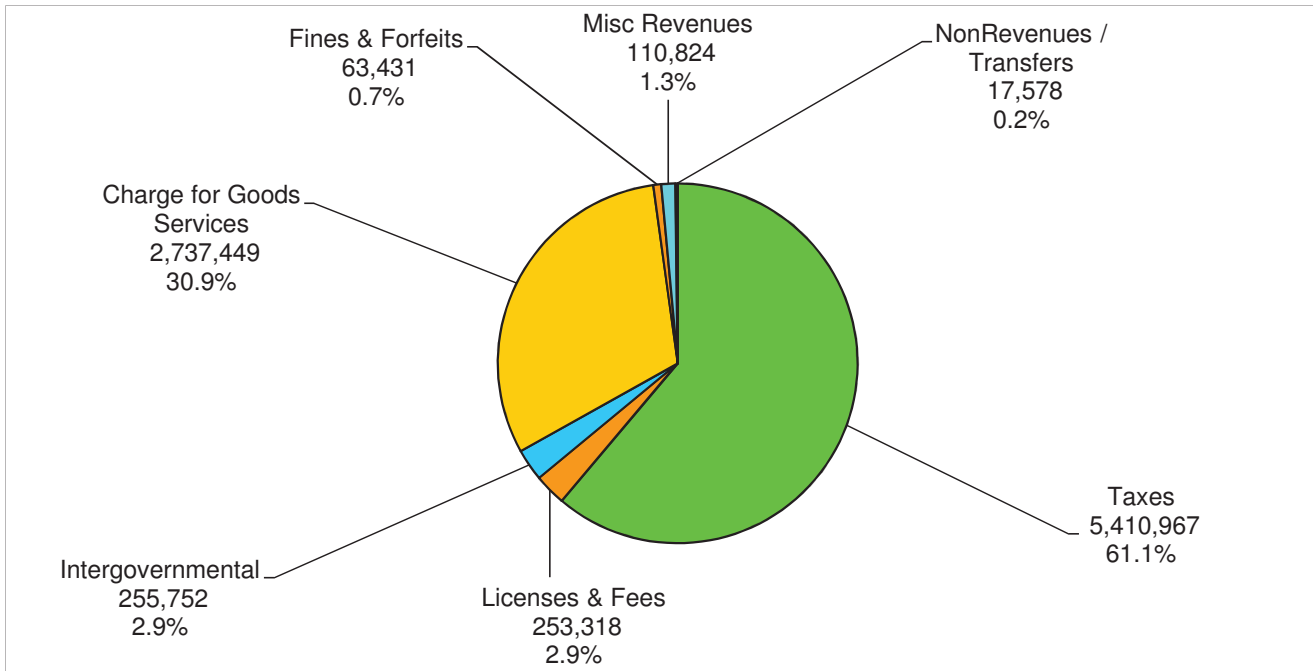
- ❖ Balance ongoing expenditures with ongoing revenues
- ❖ Full cost recovery for rates and fees and interfund support
- ❖ Support opportunities to enhance service delivery through intergovernmental cooperation

### **2016 Budget Summary**

- ❖ Overall General Fund expenditures are up \$322k or 3.8%
  - Salary and Benefits increased by \$130k
  - Supplies, travel and training up \$85k
  - Rent payments decreased by \$131k
  - Transfers out increased by \$262k for street operations, equipment reserve and debt service

**City of Sequim  
2016 Budget**

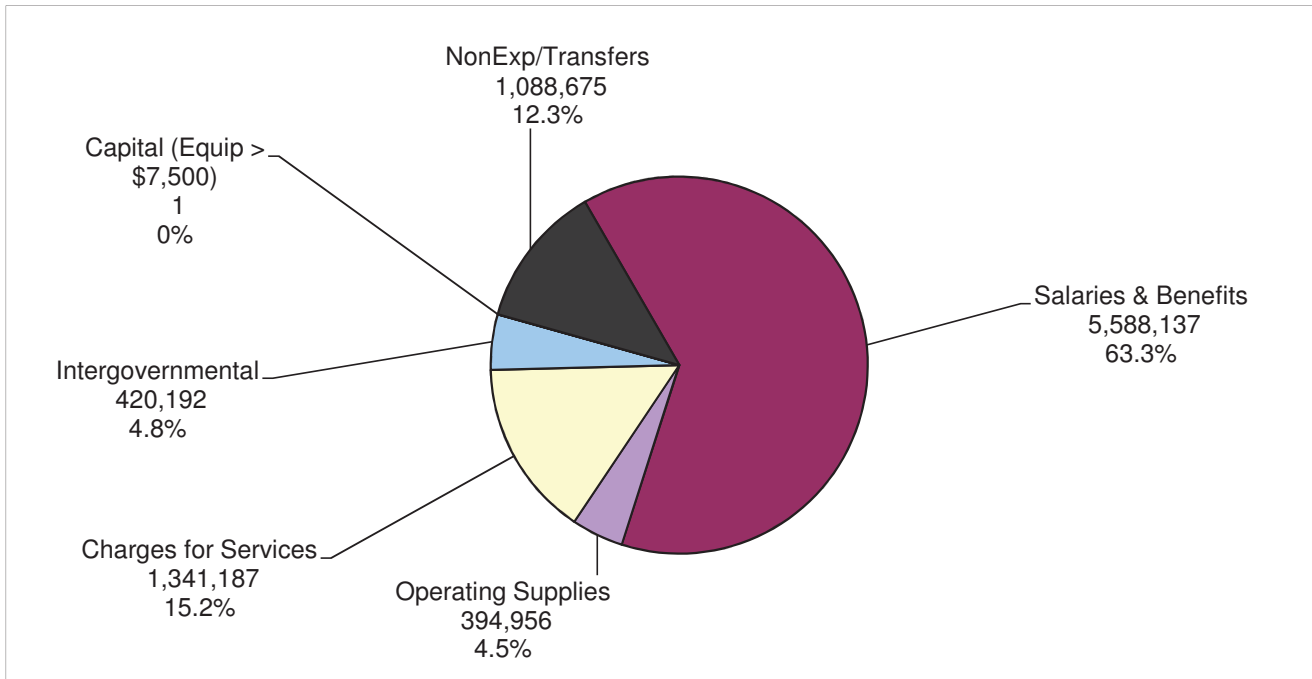
**General Fund Revenues  
Total Revenues  
8,849,319**



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
<b>Beginning Fund Balance</b>	<b>1,614,777</b>	<b>1,756,105</b>	<b>1,868,524</b>	<b>1,820,492</b>	<b>1,739,842</b>	<b>1,685,370</b>	<b>(54,472)</b>	<b>-3.1%</b>
Taxes	4,945,522	5,066,320	5,207,139	5,252,474	5,288,524	5,410,967	122,443	2.3%
Licenses & Fees	153,228	187,519	224,274	203,755	196,910	253,318	56,408	28.6%
Intergovernmental	231,750	197,342	216,366	226,795	219,345	255,752	36,407	16.6%
Charge for Goods Services	2,629,812	2,595,394	2,273,708	2,248,330	2,467,256	2,737,449	270,193	11.0%
Fines & Forfeits	69,577	68,249	60,799	70,725	71,041	63,431	(7,610)	-10.7%
Misc Revenues	124,960	132,960	108,588	113,260	119,528	110,824	(8,704)	-7.3%
NonRevenues / Transfers	18,387	5,144	2,628	36,649	37,136	17,578	(19,558)	-52.7%
<b>TOTAL Revenues</b>	<b>8,173,236</b>	<b>8,252,928</b>	<b>8,093,502</b>	<b>8,151,988</b>	<b>8,399,740</b>	<b>8,849,319</b>	<b>449,579</b>	<b>5.4%</b>
<b>Total Expenses</b>	<b>8,034,930</b>	<b>8,138,861</b>	<b>8,141,536</b>	<b>8,287,112</b>	<b>8,511,150</b>	<b>8,833,148</b>	<b>321,998</b>	<b>3.8%</b>
Net Surplus/(Deficit)	138,306	114,067	(48,032)	(135,124)	(111,410)	16,171	127,581	-114.5%
<b>Ending Fund Balance</b>	<b>1,753,083</b>	<b>1,870,172</b>	<b>1,820,492</b>	<b>1,685,368</b>	<b>1,628,432</b>	<b>1,701,541</b>	<b>73,109</b>	<b>4.5%</b>

**City of Sequim  
2016 Budget**

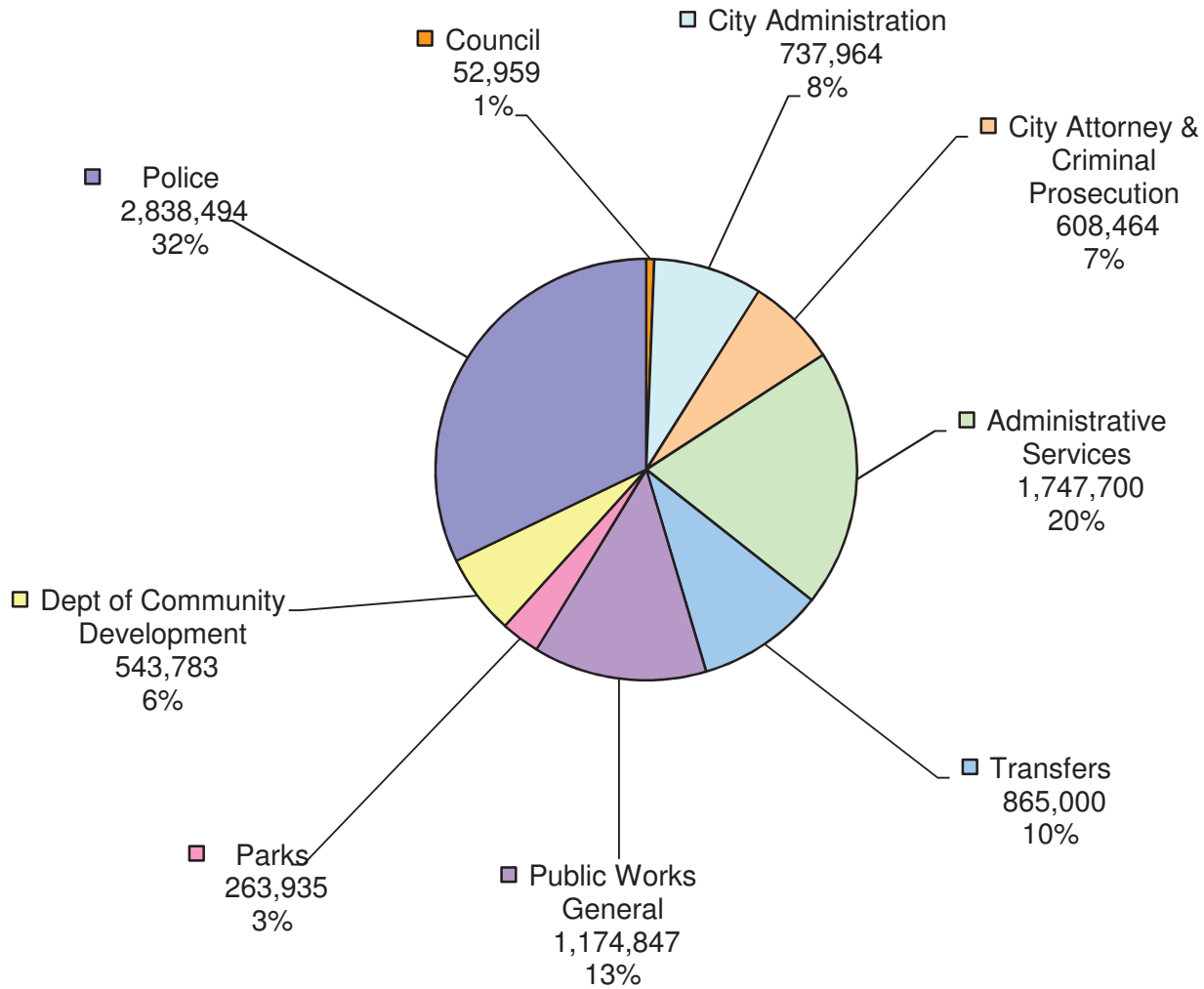
**General Fund Expenses  
Total Expenses  
8,833,148**



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
<b>Beginning Fund Balance</b>	1,614,777	1,756,105	1,868,524	1,820,492	1,739,842	1,685,370	(54,472)	-3.1%
<b>Total Revenues</b>	8,173,236	8,252,928	8,093,504	8,151,988	8,399,740	8,849,319	449,579	5.4%
Salaries & Benefits	5,323,611	5,173,914	5,388,068	5,353,141	5,457,301	5,588,137	130,836	2.4%
Operating Supplies	320,050	393,752	299,993	305,342	356,959	394,956	37,997	10.6%
Charges for Services	1,218,465	1,342,005	1,336,842	1,315,296	1,451,918	1,341,187	(110,731)	-7.6%
Intergovernmental	492,361	467,590	451,425	445,937	418,592	420,192	1,600	0.4%
Capital (Equip > \$7,500)	1,159		25,999	45,984	1	1	-	0.0%
Interfund Services				-	-	-	-	0.0%
InterDepartment				-	-	-	-	0.0%
NonExp/Transfers	679,285	761,600	639,208	821,412	826,379	1,088,675	262,296	31.7%
<b>Total Expenses</b>	<b>8,034,931</b>	<b>8,138,861</b>	<b>8,141,535</b>	<b>8,287,112</b>	<b>8,511,150</b>	<b>8,833,148</b>	<b>321,998</b>	<b>3.8%</b>
Net Surplus/(Deficit)	141,303	114,067	(48,032)	(135,124)	(111,410)	16,171	127,581	-114.5%
<b>Ending Fund Balance</b>	<b>1,756,080</b>	<b>1,870,172</b>	<b>1,820,492</b>	<b>1,685,368</b>	<b>1,628,432</b>	<b>1,701,541</b>	<b>73,109</b>	<b>4.5%</b>

**City of Sequim  
2016 Budget**

**Total General Fund Expenses  
by Department  
8,833,146**



	2012 Actuals	2013 Actuals	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
<b>General Fund Total Expenses</b>	8,034,223	8,138,861	8,141,536	8,287,112	8,511,152	8,833,146	321,994	4%

**City of Sequim  
2016**

**General Fund Expenses by Department**

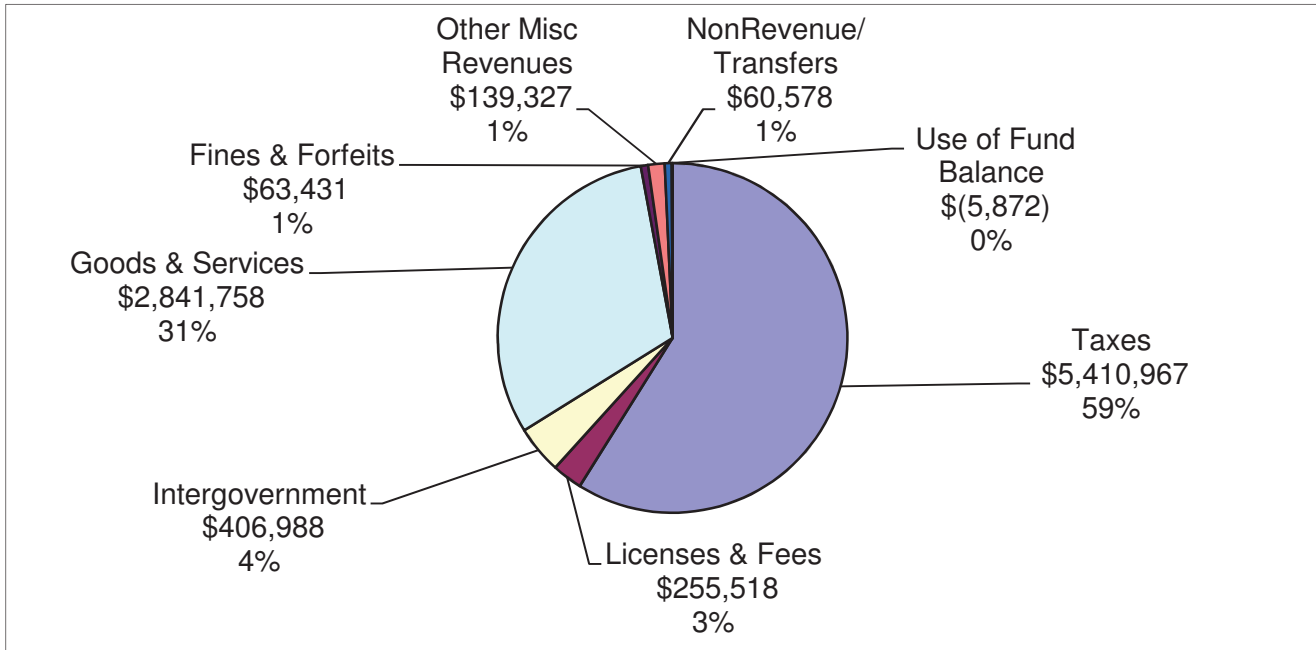
	2012 Actuals	2013 Actuals	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	%
<b>General Fund</b>								
<b>Total Expenses</b>	<b>8,034,223</b>	<b>8,138,861</b>	<b>8,141,536</b>	<b>8,287,112</b>	<b>8,511,152</b>	<b>8,833,146</b>	<b>321,994</b>	<b>4%</b>
<b>Council</b>	<b>37,382</b>	<b>47,511</b>	<b>39,816</b>	<b>69,350</b>	<b>41,668</b>	<b>52,959</b>	<b>11,291</b>	<b>27%</b>
<b>City Administration</b>								
City Manager	172,184	183,482	188,238	240,848	233,190	244,004	10,814	5%
City Clerk	238,163	239,351	210,299	214,916	219,040	224,109	5,069	2%
Communications	47,923	49,791	52,204	48,356	48,694	59,602	10,908	22%
Human Resources	180,123	176,450	199,974	206,267	206,406	210,249	3,843	2%
	<b>638,393</b>	<b>649,074</b>	<b>650,715</b>	<b>710,387</b>	<b>707,330</b>	<b>737,964</b>	<b>30,634</b>	<b>4%</b>
<b>City Attorney &amp; Criminal Prosecution</b>								
City Attorney	149,797	151,068	163,555	160,316	156,975	164,855	7,880	5%
Criminal Prosecution	530,374	524,986	492,239	457,166	460,271	443,609	(16,662)	-4%
	<b>680,171</b>	<b>676,054</b>	<b>655,794</b>	<b>617,482</b>	<b>617,246</b>	<b>608,464</b>	<b>(8,782)</b>	<b>-1%</b>
<b>Administrative Services</b>								
Finance & IT	1,072,175	1,105,270	1,211,723	1,183,486	1,242,509	1,255,928	13,419	1%
NonDepartmental	400,986	425,473	384,552	384,606	518,938	491,772	(27,166)	-5%
	<b>1,473,161</b>	<b>1,530,743</b>	<b>1,596,275</b>	<b>1,568,092</b>	<b>1,761,447</b>	<b>1,747,700</b>	<b>(13,747)</b>	<b>-1%</b>
<b>Public Works General</b>								
Public Works Admin	820,826	592,675	670,242	528,430	557,859	616,239	58,380	10%
Facilities	410,571	452,048	452,629	384,931	414,037	242,599	(171,438)	-41%
Engineering	277,750	281,493	282,491	275,684	243,640	316,009	72,369	30%
	<b>1,509,147</b>	<b>1,326,216</b>	<b>1,405,362</b>	<b>1,189,045</b>	<b>1,215,536</b>	<b>1,174,847</b>	<b>(40,689)</b>	<b>-3%</b>
<b>Parks</b>	<b>176,328</b>	<b>173,486</b>	<b>226,605</b>	<b>268,435</b>	<b>276,171</b>	<b>263,935</b>	<b>(12,236)</b>	<b>-4%</b>
<b>Dept of Community Development</b>								
Growth Development	151,691	163,178	174,785	169,481	152,572	154,509	1,937	1%
Building Development & Code Compliance	329,302	342,107	352,873	355,286	363,848	389,274	25,426	7%
	<b>480,993</b>	<b>505,285</b>	<b>527,658</b>	<b>524,767</b>	<b>516,420</b>	<b>543,783</b>	<b>27,363</b>	<b>5%</b>
<b>Police</b>	<b>2,480,152</b>	<b>2,530,492</b>	<b>2,609,313</b>	<b>2,625,554</b>	<b>2,661,334</b>	<b>2,838,494</b>	<b>177,160</b>	<b>7%</b>
<b>Transfers</b>								
Street Ops	477,336	400,000	399,999	340,000	340,000	520,000	180,000	53%
Stormwater Ops	28,840	-	-	-	-	-	-	-
Street Capital	52,320	60,000	-	-	-	-	-	-
Equipment Reserves			Transfers moved to Departments, See Below					
Cap Facilities/Debt Service		240,000		374,000	374,000	345,000	(29,000)	-8%
Solid Waste/Other	-		30,000	-	-	-	-	0%
	<b>558,496</b>	<b>700,000</b>	<b>429,999</b>	<b>714,000</b>	<b>714,000</b>	<b>865,000</b>	<b>151,000</b>	<b>21%</b>
<b>Transfer to Equipment Reserves Included in Department Budgets</b>								
Transfers to 164	<b>120,789</b>	<b>61,600</b>	<b>209,109</b>	<b>82,379</b>	<b>82,379</b>	<b>223,675</b>	<b>141,296</b>	<b>172%</b>



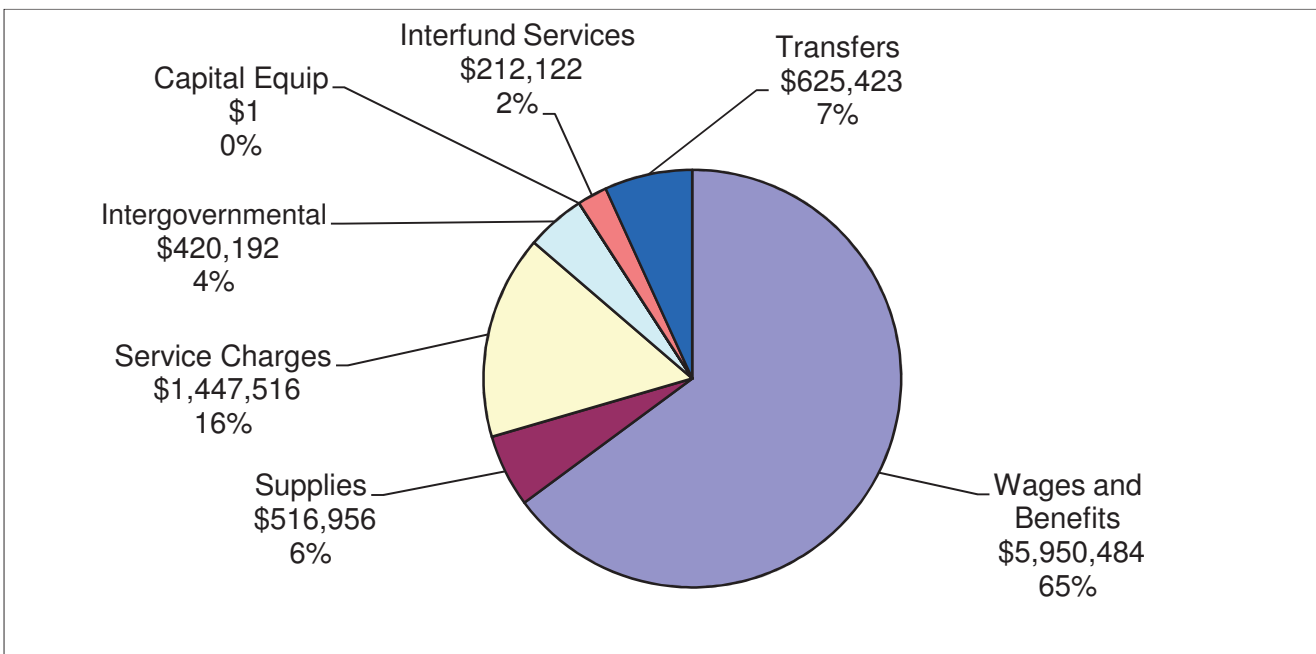
# City of Sequim 2016 Budget

## General Fund & Streets Operating Revenues & Expenses

**Total Revenues \$ 9,172,695**



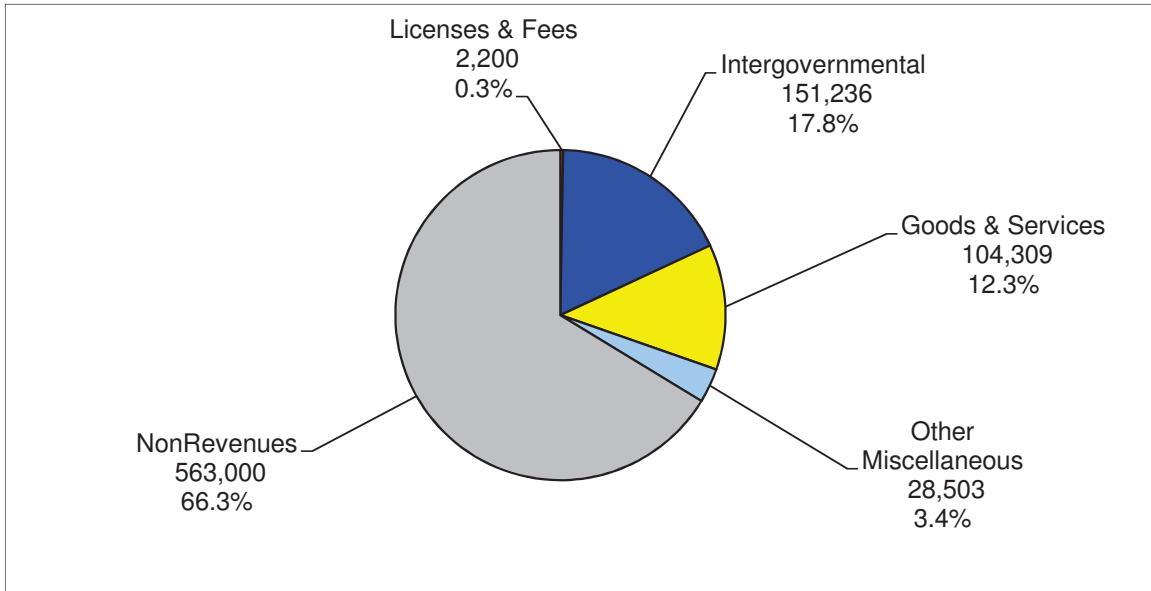
**Total Expenses \$ 9,172,694**



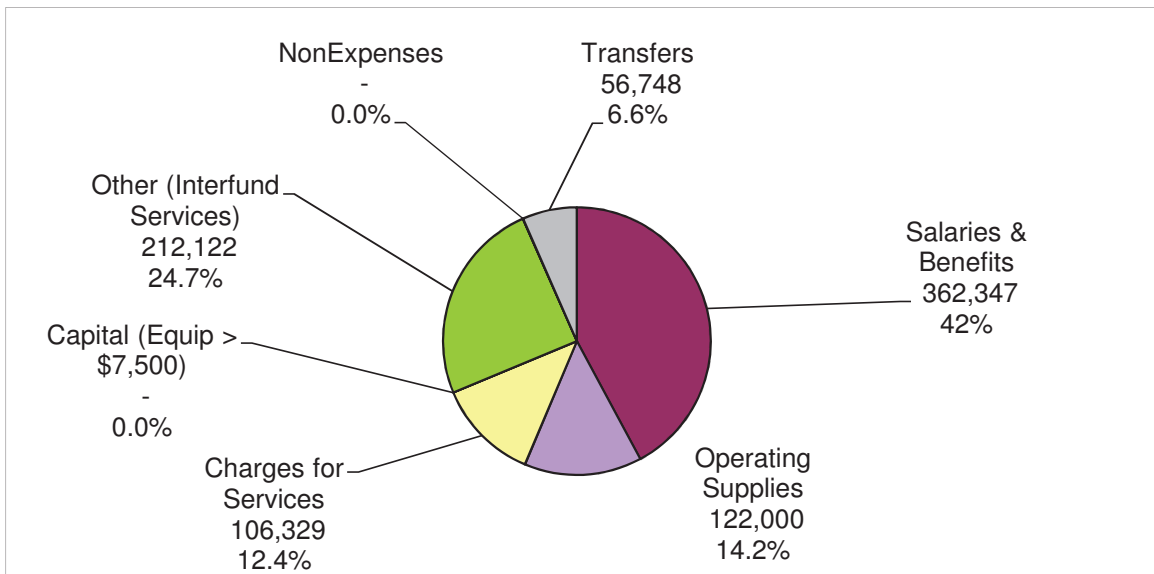
**City of Sequim  
2016 Budget**

**Street Operating Revenues & Expenses**

**Total Revenues \$ 849,248**



**Total Expenses \$ 859,546**



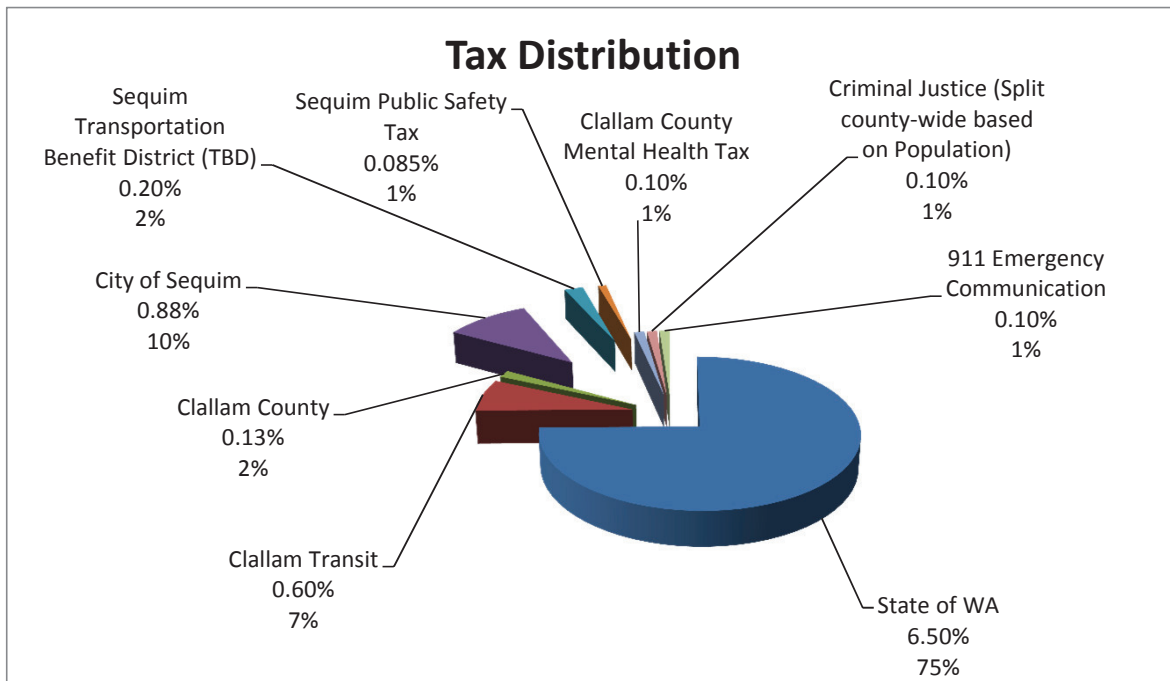
**2016 Budget**

Beginning Fund Balance	\$	154,925
Total Revenues		849,248
Total Expenses		859,546
Surplus/(Deficit)		<u>(10,298)</u>
Ending Fund Balance	\$	144,627


# CITY OF SEQUIM

2016

## 8.70% Sales Tax Distribution Within the City Limits of Sequim



Distribution of Sales Tax Dollars		<i>Estimated</i>	
		<i>Annual Sequim Sales</i>	<i>Tax Revenue Generated</i>
<b>Total Tax %</b>	<b>8.70%</b>	<b>\$278,907,386</b>	<b>\$24,250,997</b>
State of WA	6.50%		18,128,980
Clallam Transit	0.60%		1,673,444
Clallam County	0.13%		362,580
<b>City of Sequim</b>	<b>0.88%</b>		<b>2,454,385</b>
Sequim Transportation Benefit District (TBD)	0.20%		557,815
Sequim Public Safety Tax	0.085%		237,071
Clallam County Mental Health Tax	0.10%		278,907
Criminal Justice (Split county-wide based on Population)	0.10%		278,907
911 Emergency Communication	0.10%		278,907

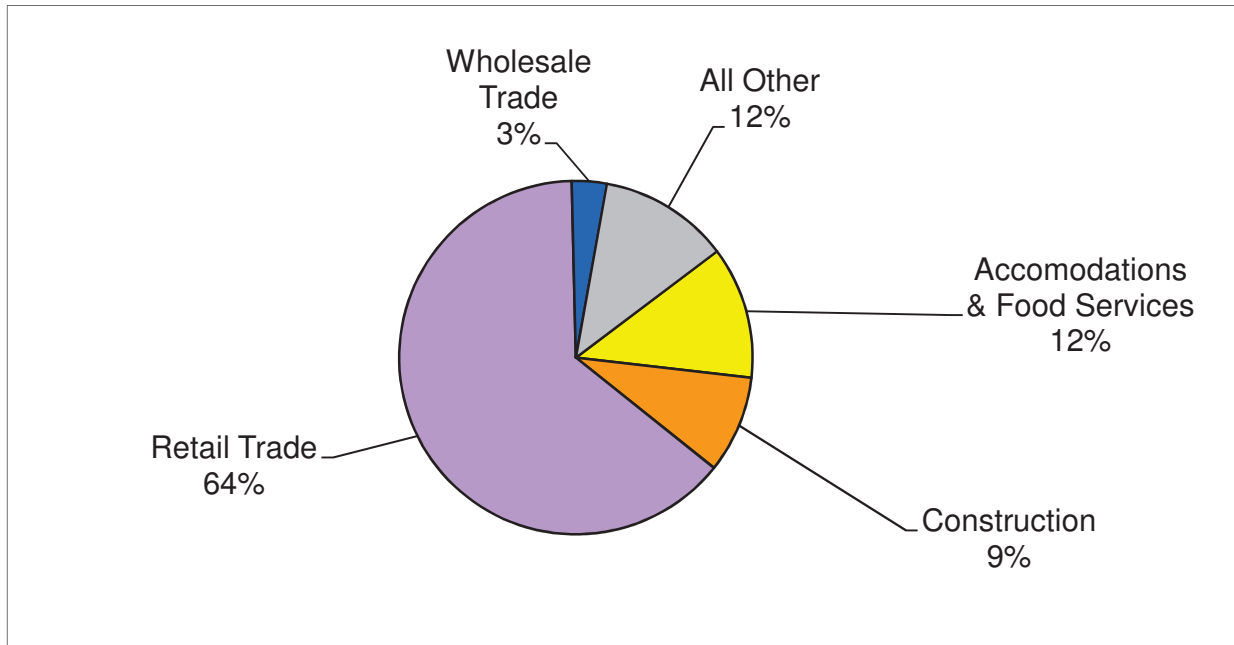
<b><u>2016 Example of Sales Tax Collection</u></b>					
	<b><u>Sequim Sale</u></b>	<b><u>Total Sales Tax</u></b>	<b><u>State Share</u></b>	<b><u>All Other Share</u></b>	<b><u>City Of Sequim Share</u></b>
	\$1,000	\$87	\$65	\$10	\$12
	\$5,000	\$435	\$325	\$52	\$58
	\$10,000	\$870	\$650	\$103	\$117
	\$25,000	\$2,174	\$1,625	\$258	\$291

The taxable base includes all retail sales of personal property to state residents and some types of professional services. Exclusions are food products consumed off the premises and prescription services drugs. Sales taxes are remitted by the retailers to the WA State Department of Revenue by the 25th of the month following sales (for most taxpayers). The Department of Revenue distributes the local government's share (less administrative fees) on the last day of the month following remittance to the State.

# CITY OF SEQUIM

## 2016 Budget

### Annual Sales Tax by Industry Estimate based on 2015 Forecast



	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2016 Budget	2016-2015 Amount	%
Accommodations & Food Services	272,504	296,390	305,573	285,892			
Construction	139,557	142,777	154,637	210,284		Budget detail	
Retail Trade	1,434,724	1,498,410	1,516,369	1,509,793		by Industry not	
Wholesale Trade	67,857	72,944	84,377	75,608		available	
All Other	260,209	243,457	267,010	281,166			
State Adjustments	5,657	22,709	32,675	-			
<b>Total</b>	<b>\$ 2,180,508</b>	<b>\$ 2,276,687</b>	<b>\$ 2,360,641</b>	<b>\$ 2,362,743</b>	<b>\$ 2,454,385</b>	<b>\$ 91,642</b>	<b>3.88%</b>

#### Estimated Annual

**Sequim Sales**   \$ 256,530,353   \$ 267,845,529   \$ 277,722,527   \$ 277,969,765   \$ 278,907,386

**City of Sequim  
2016 Budget  
Property Tax**

**Clallam County Levy**

	2012	2013	2014	2015
Clallam County Total Valuation	\$ 7,524,783,407	\$ 7,173,041,376	\$ 7,002,941,388	\$ 7,054,903,078
Total County Property Tax Levied	\$ 9,456,950	\$ 9,950,654	\$ 8,863,771	\$ 8,281,675
City of Sequim Valuation	\$ 883,664,857	\$ 828,293,553	\$ 813,614,967	\$ 807,498,734
Total Sequim Property Tax Levied	\$ 1,315,974	\$ 1,343,705	\$ 1,360,360	\$ 1,342,327
Distribution per \$1,000 Assessed Value	10.08	10.99	10.89	10.26

**Distribution of Sequim Property Tax Dollars**

Taxing District	2012			2013			2014			2015		
	Levy Rate per \$1,000 Valuation	Percent of Levy	Cost for a \$200k Home	Levy Rate per \$1,000 Valuation	Percent of Levy	Cost for a \$200k Home	Levy Rate per \$1,000 Valuation	Percent of Levy	Cost for a \$200k Home	Levy Rate per \$1,000 Valuation	Percent of Levy	Cost for a \$200k Home
State	2.352	23%	470	2.548	23%	510	2.402	22%	480	2.309	23%	462
Schools	1.947	19%	389	2.298	21%	460	2.157	20%	431	1.600	16%	320
City of Sequim	1.489	15%	298	1.626	15%	325	1.674	15%	335	1.662	16%	332
County	1.294	13%	259	1.387	13%	277	1.442	13%	288	1.443	14%	289
Fire Dist 3-General	1.287	13%	257	1.375	12%	275	1.426	13%	285	1.438	14%	288
Fire Dist 3-EMS	0.500	5%	100	0.500	5%	100	0.500	5%	100	0.500	5%	100
Hospital	0.532	5%	106	0.572	5%	114	0.595	5%	119	0.601	6%	120
Library	0.500	5%	100	0.500	5%	100	0.500	5%	100	0.500	5%	100
Port	0.181	2%	36	0.194	2%	39	0.200	2%	40	0.202	2%	40
Parks & Rec	-	0%	-	-	0%	-	-	0%	-	-	0%	-
	10.082	100%	2,016	11.000	100%	2,200	10.894	100%	2,179	10.256	100%	2,051

**Property Taxes (RCW 84.52)**

The County Treasurer acts as an agent to collect property taxes levied in the county for all taxing authorities. Taxes are levied in November on the property value listed as of the prior May 31, and becomes a lien as of January 1. Assessed values are established by the County Assessor at 100% of the fair market value and are adjusted each year by the County Assessor based on market value changes. A physical verification of each property is made at least once every six years and the estimated assessed value is then changed to reflect the physical verification.

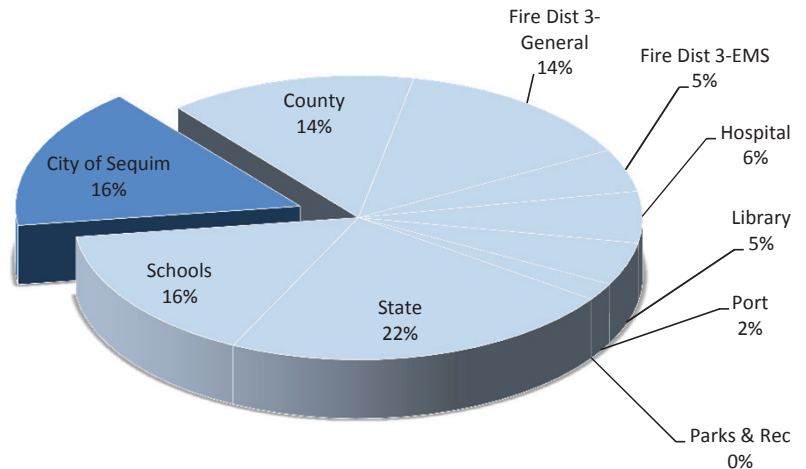
Taxes are due in two equal installments on April 30th and October 31st. Collections are remitted the month following collection to the appropriate taxing district by the County Treasurer.

A City is permitted by law to levy up to \$3.60 per \$1,000 of assessed valuation for general governmental services. This amount does not include voter approved special levies, and may be reduced for any of the following reasons:

- A.** The Washington State Constitution limits the total regular property taxes to 1% of assessed value, of which a city may levy up to \$3.60 per \$1,000 of assessed value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1% limit.
- B.** Growth of the regular property tax levy before new construction and annexations is currently limited to 1% for cities with a population of less than 10,000. Prior to 2001, Washington State law (RCW 84.55.010) limited the growth of regular property taxes to 6% per year, before adjustments for new construction and annexations.
- C.** The City may levy taxes below the legal limit. Special levies approved by the voters are not subject to the above limitations.
- D.** Library Districts (North Olympic Library System) are entitled to \$.50 per \$1,000 of assessed valuation. Fire Districts (Fire District 3-General) are entitled to \$1.50 per \$1,000 of assessed valuation.

The Library and Fire District levies are deducted from the \$3.60 maximum available to cities. Any year in which the Library or the Fire District do not utilize their full levy, a city may assess the unused portion subject to the limitations listed above.

**2015 Property Tax Levy**

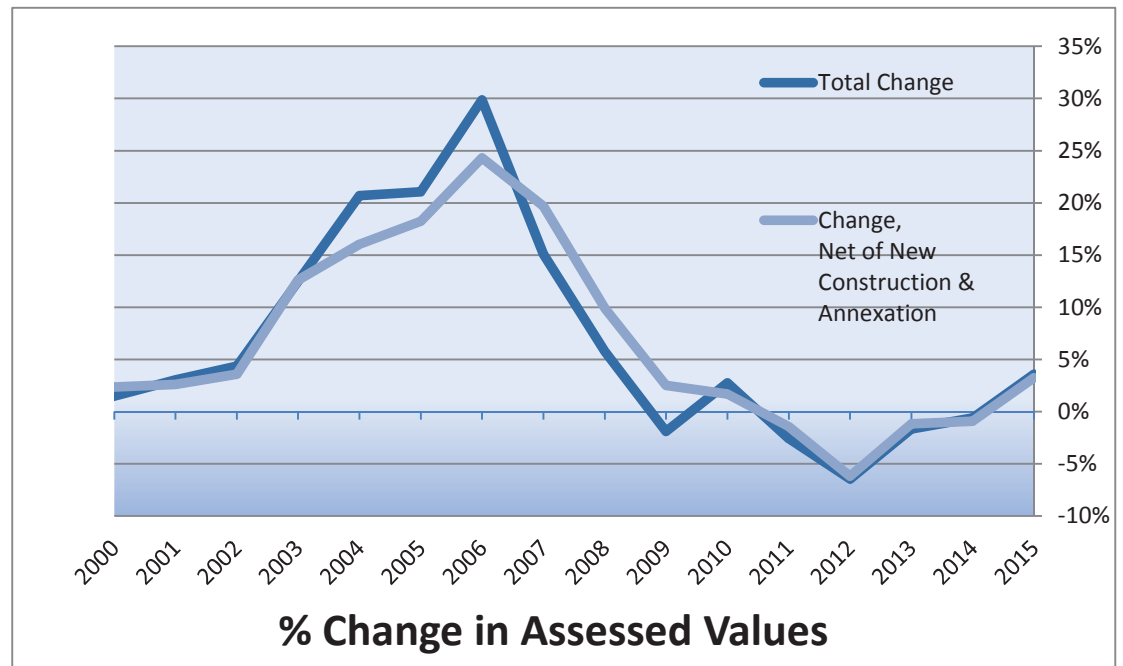


**City of Sequim  
2016 Budget**

Property Tax							
Assessment Yr.	Collection Yr.	Total Tax Collections	Total Assessed Valuation (incl. New Construction & Annexation)	New Construction	Annexation	Total Change	Change, Net of New Construction & Annexation
2015	2016 est	1,393,600	836,386,675	8,945,506	-	3.58%	3.25%
2014	2015	1,379,800	807,498,734	6,118,573	-	-0.63%	-0.92%
2013	2014	1,359,320	812,601,422	3,760,106	-	-1.66%	-1.16%
2012	2013	1,342,846	826,359,277	8,030,406	-	-6.48%	-6.20%
2011	2012	1,338,578	883,664,857	11,284,939	-	-2.60%	-1.45%
2010	2011	1,385,322	907,241,564	20,457,733	1,585,754	2.75%	1.69%
2009	2010	1,233,066	882,919,973	11,496,585	970,739	-1.91%	2.51%
2008	2009	1,160,061	900,145,266	46,458,065	4,529,465	5.75%	9.89%
2007	2008	1,096,381	851,183,997	66,253,363	12,228,125	15.07%	19.70%
2006	2007	1,039,810	739,682,945	84,711,905	9,418,060	29.85%	24.32%
2005	2006	876,384	569,637,795	48,311,540	2,050,930	21.07%	18.24%
2004	2005	793,783	470,495,733	29,855,770	1,475,195	20.70%	16.03%
2003	2004	774,707	389,806,532	11,312,760	-	12.48%	12.59%
2002	2003		346,554,900	8,022,745	2,358,590	4.36%	3.58%
2001	2002		332,077,932	7,521,730	-	3.03%	2.59%
2000	2001		322,322,567	5,324,205	636,155	1.48%	2.36%
1999	2000		317,636,346	8,142,335	422,570		

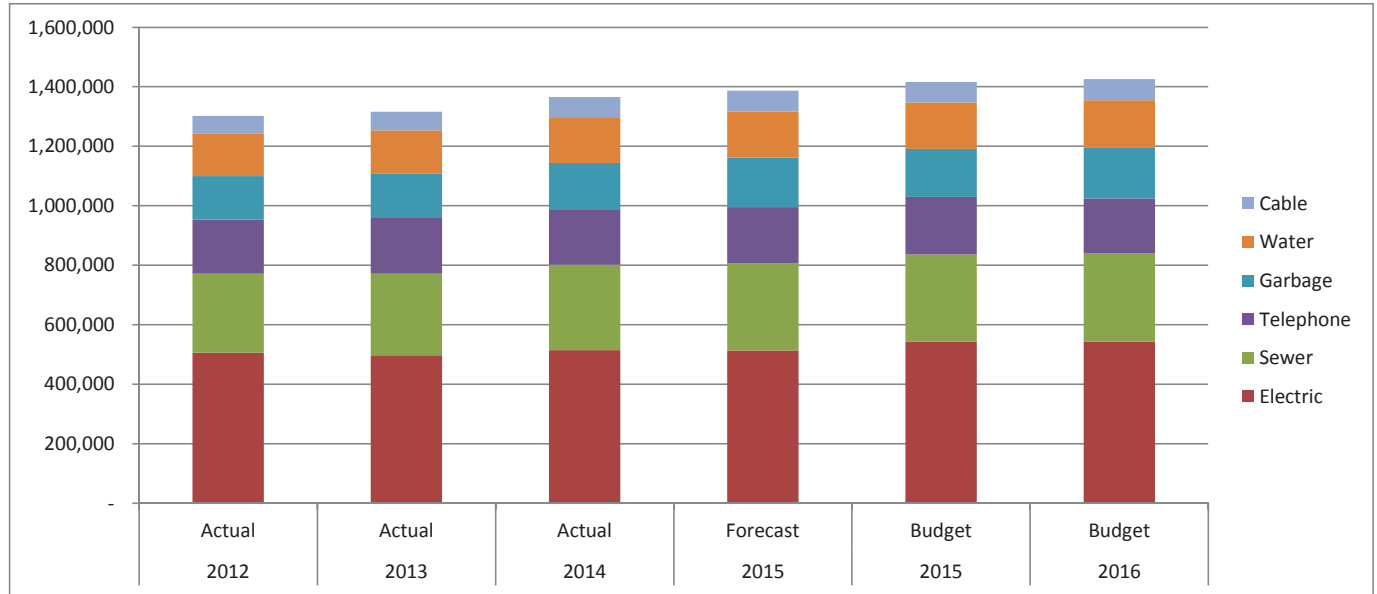
**Property Tax**

The statutory maximum increase of the tax levy without voter approval is 1% *plus* the taxable value of new construction and improvements, annexations and increases in State of Washington assessed utility



**CITY OF SEQUIM  
2016 Budget**

**Business & Occupation Tax  
by Public Utility**



Tax Rate*	Public Utility	2012 Actual	2013 Actual	2014 Actual	2015 Forecast	2015 Budget	2016 Budget	2016-2015 Amount	2016-2015 %
6%	Electric	506,078	497,542	514,785	513,386	542,415	542,768	353	0.00
8%	Sewer	265,350	273,821	286,766	292,761	293,992	296,186	2,194	0.01
6%	Telephone	182,577	187,749	183,703	188,839	193,249	185,315	(7,934)	-0.04
8%	Garbage	145,957	148,472	159,005	166,685	161,258	172,488	11,230	0.07
8%	Water	142,285	146,182	153,749	155,866	156,550	157,587	1,037	0.01
5%	Cable	59,300	61,745	67,182	69,369	68,617	71,177	2,560	0.04
<b>Total</b>		<b>\$ 1,301,547</b>	<b>\$ 1,315,511</b>	<b>\$ 1,365,190</b>	<b>\$ 1,386,906</b>	<b>\$ 1,416,081</b>	<b>\$ 1,425,521</b>	<b>\$ 9,440</b>	<b>0.66%</b>

\*The tax rate is imposed upon the public utility's gross receipts.



## City Of Sequim Department Description

### Municipal Debt Capacity & Type of Debt

#### **General Obligation Debt<sup>1</sup>**

According to Washington State law, voters may approve general obligation debt issues of up to 7.5% of the City's assessed valuation. This 7.5% debt capacity is allocated evenly between general government purposes, utilities and open space, park facilities & capital facilities associated with economic development, resulting in a 2.5% limit for each. All voted bonds require a 60% majority approval. To validate the election, the total votes cast must equal at least 40% of the total votes cast in the last general election.

Under RCW 39.36.020(2), the public may vote to approve **Unlimited Tax General Obligation (UTGO)** bond issues for general government in an amount not to exceed 2.5% of the assessed valuation. UTGO Bonds represent debt that was approved by voters for a specific purpose. In this case, citizens have agreed to levy property taxes to repay the debt generally over a twenty-year period. Within the 2.5% limit, the City Council may approve **Limited Tax General Obligation (LTGO)** bond issues (also called Councilmanic Bonds) not to exceed 1.5% of the City's assessed valuation. LTGO Bonds can be issued with approval of the City Council. The 1.5% can be used for any municipal purpose, including using the entire amount for bonds. This non-voted debt is repaid from general revenues of the City.

Under RCW 39.36.020(4), the public may vote to approve **Parks, Open Space and Capital Facilities associated with Economic Development** bond issues and **Utility Purpose** bond issues. Each of which is also limited to 2.5% of the City's assessed valuation.

Although the City can legally issue up to 7.5% of its assessed valuation, bond-rating agencies have a lower threshold for an acceptable debt load. Bond rating agencies use several criteria for determining the level of debt a city can maintain. The two most important are debt as a percent of assessed valuation and debt per capita. As a general rule, debt in excess of 4.5% of assessed valuation is viewed as a cause for concern.

#### **Other Long Term Debt**

**Revenue bonds** are used to finance construction or improvements to facilities of enterprise systems operated by the City and are generally payable from the revenues of the enterprise. No taxing power or general fund pledge is provided as security. Unlike general obligation bonds, revenue bonds are not subject to the City's statutory debt limitation and voter approval is not required.

**Public Works Trust Fund loans and State Revolving Fund loans** are low interest and/or interest-free loans granted to Washington cities based on a competitive and comprehensive loan application process. The cities are evaluated based on 60% professional management and 40% city need. Those cities scoring highest in the State's evaluation process receive the favorable loans. The more significant qualifying criteria require cities to:

- Impose the ¼ of one percent real estate excise tax
- Develop a long-term plan for financing public work needs
- Use all local revenue sources which are reasonably available for funding public works
- Adopt a comprehensive plan
- Demonstrate a history of maintaining the city's utility system
- Demonstrate a commitment to professional management.

<sup>1</sup> RCW 39.36 – Public Contract & Indebtedness – Limitation of Indebtedness of taxing districts

# City Of Sequim Budget Overview

## Debt Summary

### 2016 Key Goal

- ❖ Manage the City's Municipal Debt and protect the City's credit rating (AA- for LTGO and A+ for Revenue Bonds)
  - Conservatively manage funding sources
  - Make timely debt payments
  - Prepare timely and accurate financial information that demonstrates compliance the a myriad of financial policies for Council and Rating Agencies

### 2016 Budget

- ❖ \$10.68m in LTGO debt was issued in August 2013 for the Civic Center project with total debt service in 2016 of \$660k
  - Funded with \$345k General Fund, \$245k from the Public Safety Tax, and \$75k from REET
- ❖ Keeler Park debt payments discontinue in 2016 and total \$56.5k next year, funded by Park Impact fees
- ❖ Current Utility Debt payments continue as in prior years and are funded by Utility Rates
  - Water and sewer revenue bonds totaling approximately \$3m to fund the utility portion of the Civic Center project, and related debt service of \$115k per utility
  - State Revolving Funds - \$4.583ml
  - Public Works Trust Fund - \$520k

### General Obligation Debt

#### **2013 Limited Tax General Obligation (LTGO) Bond – Civic Center Project**

In 2013, the City issued \$10.68m in LTGO debt to provide funds for a portion of the City's Civic Center Project as well as to pay the costs of issuance and sale of the bonds (\$241k). Payment on the \$10.68m 30 year bond at 4.53% began in 2014, with interest only payments required in the first year and a half. Payments thereafter are \$660k annually. The bond matures in December 2043.

#### **2009 LTGO Bond - Keeler Property Acquisition**

In 2008, the City entered into an agreement to purchase park lands known as Keeler Park. In 2009, the City issued \$675k in debt to finance the purchase. The 10 year debt at 3.95% interest began repayment in June 2009 and the final payment was scheduled for December 2019. In June 2010, Ducks Unlimited contributed a \$200k North American Wetlands Conservation Act Grant to the City to put towards the purchase of the property, a habitat protected for birds, elk, and deer. The grant proceeds were used to pay down the 2009 debt. The final payment of the debt is now in December 2016.

### **Compensated Absences**

The City is obligated to pay accrued vacation and sick-leave to its employees in accordance with union contracts and internal personnel policies. Although Compensated Absences are not payable to employees on a particular schedule, like loans and bonds, they can become a sizable liability to agencies. In 2011, the State Auditor's Office clarified requirements for debt capacity calculations to include these obligations. Rating agencies exclude this particular obligation when calculating debt capacity.

### Utility Debt

#### **1998 WA State Revolving Fund (SRF) Loan – Sewer Reclaimed Water Facility**

The City received a \$5.324 million loan from the Washington Water Pollution Control – State Revolving Fund (SRF) Loan. This award was used to assist in the construction of a new "Class A" sewer reclamation facility at the City's sewer treatment plant and to extend the sewer outfall if grant funds were insufficient. Repayment commenced March 1, 1999 and continues at 0% interest, but interest is subject to change. Final payment is scheduled for March 2018.

#### **2009 WA State Revolving Fund (SRF) Loan – Sewer Water Reclamation Facility Upgrade & Expansion**

The City received a \$5.540 million loan from the Centennial Clean Water Program, Washington State Water Pollution Control Revolving Fund, WA State Department of Ecology. This award was used for the upgrade and

## **City Of Sequim Budget Overview**

expansion of a Water Pollution Control Facility. Repayment commenced on January 2011 at 2.1% interest. Final payment is scheduled for January 2030.

### **2013 WA State Public Works Trust Fund Loan (PWTF) for Aerobic Digester Upgrade**

City Council approved a loan of \$520k with an interest rate of 1% for a project to upgrade the current digesters and aeration system to allow greater control by the operators as well as improve energy efficiency. The City expects to collect the remaining \$450k of the proceeds in 2015 or early 2016, as the project deadline for completion is December 2015. Ten annual payments of principal and interest on the loan balance commence one year after completion of the project.

### **2015 Water and Sewer Revenue Bonds**

In 2014, Council approved a revenue bond proposal to fund the utility portion of the Civic Center project. Total proceeds were \$3.3m. Debt service for each of the utilities does not exceed \$115k per year, per utility. This obligation is reflected in the budget (the 411 Water Restricted and 422 Sewer Restricted funds).

### **2015 Water and Sewer Loans - Other**

In 2013, Water and Sewer Capital Improvement Plans were adopted by Council and a Utility Rate Study was accepted. In 2014, the Capital Improvement Program (CIP) was also adopted. The plans/programs identified capital projects required to maintain the systems as well as meet the demands of growth in the area. The Rate Study provided information on revenue requirements of both enterprise funds over a 20 year period. Staff analyzed various alternative financial strategies and determined that a combination of rate increases and new debt in both water and sewer funds would be required to maintain satisfactory cash flow and reserves. The rate study is updated on a regular basis and the CIP is updated. New debt will depend upon the capital projects the City is capable of initiating and managing.

**City of Sequim  
2016**

**Debt Capacity**

Based on Prior Year Assessed Value

<i>Amount at End of Year</i>	<u>2012 Actuals</u>	<u>2013 Actuals</u>	<u>2014 Actuals</u>	<u>2015 Forecast</u>	<u>2016 Budget</u>
<b>Prior Year Assessed Property Value</b>	883,664,857	826,359,277	812,601,422	807,498,734	807,498,734
				per 2015 annual report 2016 estimates, prelim valuation 9/2015	
<b>General Purpose Debt Limit</b>					
NonVoted Debt Limit 1.5% (councilmanic)	13,254,973	12,395,389	12,189,021	12,112,481	12,112,481
Voted Debt Limit 1.0%	8,836,649	8,263,593	8,126,014	8,074,987	8,074,987
<b>Debt Limit 2.5%</b>	<b>22,091,621</b>	<b>20,658,982</b>	<b>20,315,036</b>	<b>20,187,468</b>	<b>20,187,468</b>
<b>Utility Purpose Debt Limit</b>					
Voted Debt Limit 2.5%	22,091,621	20,658,982	20,315,036	20,187,468	20,187,468
<b>Open Space, Park &amp; Capital Facilities Debt Limit</b>					
Voted Debt Limit 2.5%	22,091,621	20,658,982	20,315,036	20,187,468	20,187,468
<b>Total General Obligation Debt Capacity</b>	<b>66,274,864</b>	<b>61,976,946</b>	<b>60,945,107</b>	<b>60,562,405</b>	<b>60,562,405</b>
<b>NonVoted General Obligation Debt Outstanding</b>					
City Hall/Police Facility LTGO		10,680,000	10,680,000	10,455,000	10,230,000
Keeler Park Note/Bond	279,941	207,926	133,038	55,163	-
Compensated Absence Accrual	715,662	763,002	719,906	700,000	700,000
<b>NonVoted GO Debt Outstanding</b>	<b>995,602</b>	<b>11,650,928</b>	<b>11,532,944</b>	<b>11,210,163</b>	<b>10,930,000</b>
NonVoted Debt Capacity					
Voted Debt Capacity	12,259,370	744,462	656,077	902,318	1,182,481
<b>Available GO Debt Capacity</b>	<b>53,019,891</b>	<b>49,581,557</b>	<b>48,756,085</b>	<b>48,449,924</b>	<b>48,449,924</b>
	<b>65,279,262</b>	<b>50,326,018</b>	<b>49,412,163</b>	<b>49,352,242</b>	<b>49,632,405</b>
	-	-	-	-	-
<b>GO Debt as % of Assessed Value</b>	<b>0.11%</b>	<b>1.41%</b>	<b>1.42%</b>	<b>1.39%</b>	<b>1.35%</b>
Industry Standard not to exceed	4.5%				36,337,443
<b>GO Debt per Capita</b>	<b>147</b>	<b>1,700</b>	<b>1,670</b>	<b>1,621</b>	<b>1,565</b>
Population	6,795	6,855	6,905	6,915	6,984

**Revenue Debt Outstanding (excluded from General Purpose Debt limits)**

<i>Amount Outstanding at End of Year</i>	<u>2012 Actuals</u>	<u>2013 Actuals</u>	<u>2014 Actuals</u>	<u>2015 Forecast</u>	<u>2016 Budget</u>
SRF 2010: DOE State Revolving Fund	5,199,625	4,951,124	4,697,353	4,438,202	4,173,555
SRF 1997: DOE State Revolving Fund	1,501,641	1,228,615	955,590	682,564	409,538
PWTF 2013: Aerobic Digester Loan		9,675	70,067	70,067	520,000
2014 New Water & Sewer Debt			3,145,000	3,025,000	2,910,000
<sup>2</sup> SE 98: Sewer Bonds	-				-
<sup>1</sup> WA 96: Water Bonds	-				-
<b>Revenue Debt Outstanding</b>	<b>6,701,266</b>	<b>6,189,414</b>	<b>8,868,010</b>	<b>8,215,833</b>	<b>8,013,093</b>
<sup>2</sup> 2012: Paid off early					

Per amortization Schedule Principal outstanding (cash basis: interest not recorded until due)

# City of Sequim 2016 Budget

## Debt Capacity

